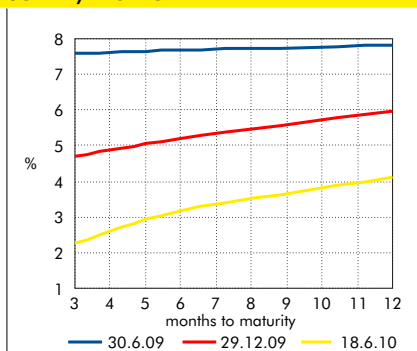


Raiffeisen Weekly Report

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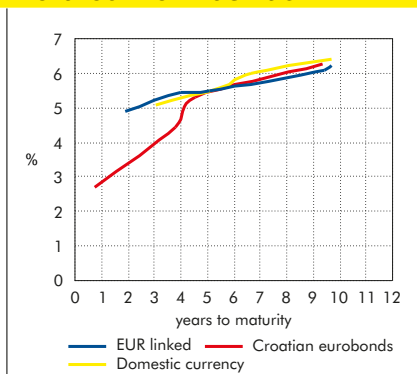
Markets are calm

Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

Last Week's Overview

Even though global market sentiment has improved since the escalation of the Greece debt problem and prices for risky assets have declined, risk indicators are still higher than at the beginning of the year. Potentially this could be one of the reasons why demand for the new Polish government issuance was significantly lower than in the previous auction. The MoF in Poland sold PLN 2.43 bn in 10-year government bonds at an average yield of 5.791. In the same time, demand was relatively strong at the last auction for 15-year CZK government bonds, so the ministry sold more than planned. There will be no surprise when the Czech bond supply for H2 turns to be high. The main focus in Hungary remains the new government plan which could actually have a calming effect on the market. HRK and EUR denominated Croatian bonds were under strong pressure and the corrections of the prices were especially pronounced on longer maturities. On weekly level, eurobonds reported falling of the yields and slight narrowing of the spreads compared to German benchmark.

This Week's Expectations

Despite the expectations that the market sentiment could continue to gradually improve, the downside potential for CE yields is still limited. Therefore, we expect to see stable yields this week. Monetary council meetings in Hungary and Czech Republic are not likely to bring any surprise, as they will keep key interest rates at the present levels. On domestic market, due to the public holidays we expect just modest trading volume and stable yields.

Government bonds in domestic market

Indexed to foreign currency (eur/hrk)	Coupon	Maturity date	Price*		Ytm		Change**		Spread BUND	Spread EUROSAP
			Bid	Ask	Bid	Ask	Price-Ask	Yield-Ask		
RHMF-O-125A	6.875	23.5.2012	103.20	103.60	5.10	4.89	-0.60	0.30	460	377
RHMF-O-142A	5.500	14.6.2014	99.70	100.15	5.58	5.46	-0.60	0.17	467	373
RHMF-O-157A	4.250	14.7.2015	94.00	94.50	5.63	5.51	-0.50	0.12	365	296
RHMF-O-19BA	5.375	29.11.2019	94.50	95.00	6.15	6.08	-1.00	0.15	380	303
RHMF-O-203E	6.500	5.3.2020	101.00	102.00	6.36	6.22	-3.80	0.51	314	283
Domestic currency										
RHMF-O-137A	4.500	11.7.2013	97.90	98.40	5.25	5.07	-0.10	0.04	-	-
RHMF-O-15CA	5.250	15.12.2015	97.90	98.40	5.70	5.59	0.00	0.00	-	-
RHMF-O-172A	4.750	8.2.2017	92.75	93.25	6.10	6.00	-0.05	0.01	-	-
RHMF-O-203A	6.750	5.3.2020	101.50	102.50	6.54	6.40	-2.80	0.38	-	-

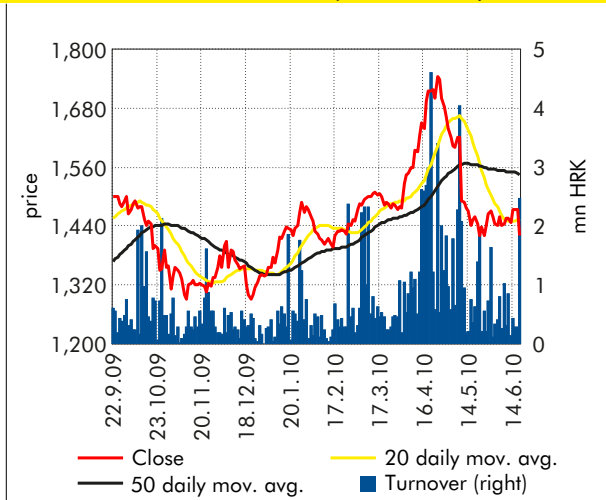
* Raiffeisen Research; ** in comparison with end of last week



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The AGMs' season

Ericsson Nikola Tesla (6 months)

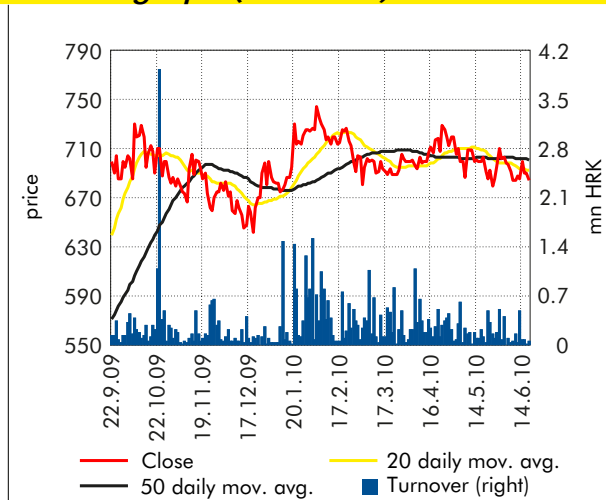


Sources: ZSE, Raiffeisen research

The week on the Zagreb Stock Exchange was marked by AGM's of numerous companies. Average daily trading volume was even lower than in the previous week, amounting to only HRK 12.7 million, whereas CROBEX index recorded a weekly change of +1.18%, owing to the strong jump realized on Monday.

There were only few corporate releases. **Ericsson Nikola Tesla** announced HRK 126 million receivables impairment related to customer financing contract in Kazakhstan for a transaction concluded in 2005, fully secured by trade finance instruments from the No1 bank in Kazakhstan at that time, BTA, which is currently undergoing a financial restructuring process, due to its inability to payout its liabilities in full. The market reacted on the news with a daily drop of the Ericsson NT's share of 3.58%. Customer financing balances in Kazakhstan totalled HRK 298 million at the end of 1Q 2010 and are now reduced to HRK 172 million. Total balances outstanding in respect of customer loans and receivables were HRK 714.7 million at the end of 1Q 2010.

Atlantic grupa (6 months)



Sources: ZSE, Raiffeisen research

Agrokor contracted a syndicated 5 year loan amounting to EUR 352 million, supported by the guarantees of several Group companies. According to the Slovenian media, the owner of Droga Kolinska, Istrabenz, received 4 binding offers; from **Atlantic grupa** and three international investment funds (Mid Europa Partners, Advent and Warburg Pincus). Also, the media says that the new owner will be chosen based on capital increase, in addition to value offered.

Market performance

Index	1 w %	ytd %	Value on 18.6.2010
ATX (AT)	2.49	-2.95	2,422
BELEX15 (RS)	-2.48	-6.29	622
BETI (RO)	8.54	9.65	5,143
BUX (HU)	0.98	1.22	21,487
CROBEX (HR)	1.18	-2.83	1,947
PX (CZ)	1.69	4.26	1,165
MICEX (RU)	2.56	3.61	3,248
SBI20 (SI)	1.20	-11.41	871
SOFIX (BG)	0.01	-12.60	373
SASX10 (BH)	-2.41	-10.61	941
NTX (SEE,CE,EE)	1.39	-1.60	1,139
WIG20 (PL)	-0.72	-1.15	2,361.16

Source: Bloomberg

Top/Flop – CROBEX index

Share	1 w %	Price on 18.6.2010	Share	1 w %	Price on 18.6.2010
Belišće	22.22	550	Ingra	0.78	30
JANAF	6.80	2,670	Atlantic Grupa	0.73	690
Adris grupa (P)	5.06	268	Viro TŠ	0.70	318
PBZ	3.50	529	Dalekovod	0.63	320
Viadukt	3.32	280	HT	-0.02	262
Končar	3.00	461	INA	-0.58	1,710
Dom holding	2.26	34	Zagrebačka b.	-1.16	215
Ledo	2.22	6,000	Tehnika	-1.78	1,100
Kraš	1.89	377	IGH	-2.50	2,144
Petrokemija	1.63	125	Ericsson NT	-2.63	1,410
Luka Ploče	1.20	1,672	Podravka	-2.76	282
Jadroplov	1.11	152	Uljanik plovodba	-2.81	587
Atlantska plov.	0.88	925			

Source: ZSE, Raiffeisen research



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Abbreviations

GDP – Gross Domestic Product
 kn, HRK – Kuna
 EUR – Euro
 USD – Dollar
 DZS – Croatian Bureau of Statistics

HNB – Croatian National Bank
 ECB – European Central Bank
 FED – Federal Reserve System
 IMF – International Monetary Fund
 MoF – Ministry of Finance

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